

108TH CONGRESS
1ST SESSION

H. R. 3215

To establish a commission on tax reform.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 1, 2003

Mr. DEMINT (for himself, Mr. HALL, Mr. AKIN, Mr. BACHUS, Mr. BARRETT of South Carolina, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BASS, Mr. BISHOP of Utah, Mr. BLUNT, Mr. BOOZMAN, Mr. BROWN of South Carolina, Mr. BURGESS, Mr. DEAL of Georgia, Mr. FLAKE, Mr. FOSSELLA, Mr. GARRETT of New Jersey, Mr. ENGLISH, Mr. GINGREY, Mr. GOODE, Ms. HART, Mr. HOEKSTRA, Mr. ISAKSON, Mr. ISTOOK, Mr. KINGSTON, Mr. LATOURETTE, Mr. LINDER, Mr. GARY G. MILLER of California, Mrs. MUSGRAVE, Mrs. MYRICK, Mr. NEY, Mr. NORWOOD, Mr. OXLEY, Mr. PEARCE, Mr. PETERSON of Minnesota, Mr. PITTS, Mr. PLATTS, Mr. PUTNAM, Mr. ROGERS of Michigan, Ms. ROS-LEHTINEN, Mr. RYUN of Kansas, Mr. SCHROCK, Mr. SENSENBRENNER, Mr. SHAYS, Mr. SHIMKUS, Mr. SMITH of New Jersey, Mr. SMITH of Texas, Mr. WAMP, Mr. WILSON of South Carolina, and Mr. WOLF) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish a commission on tax reform.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Tax Reform Action
3 Commission Act of 2003”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) The current Federal tax system is fun-
7 damentally defective, economically counter-produc-
8 tive, and its complexity leads to staggering costs for
9 taxpayers.

10 (2) Complexity and frequent change of the In-
11 ternal Revenue Code of 1986 cause taxpayer and ad-
12 ministrative confusion and uncertainty. The signifi-
13 cant difficulty in understanding tax rules and regu-
14 lations due to their lack of clarity and readability
15 annually forces United States taxpayers to expend
16 enormous sums of time and money on compliance
17 and administration activities which represent a pure
18 loss to the economy every year.

19 (3) A major source of complexity is the use of
20 the Federal tax system to advance social and eco-
21 nomic policies. Targeted benefits in the form of pref-
22 erential rates, exclusions, exemptions, deductions,
23 credits, deferrals and adjustments are examples of
24 factors that complicate the Internal Revenue Code of
25 1986.

1 (4) Among the reasons that the Internal Rev-
2 enue Code of 1986 is considered unfair is its dis-
3 similar treatment of similarly situated taxpayers and
4 because those who have the means to afford profes-
5 sional advice are more likely to receive optimal treat-
6 ment and maximum benefits.

7 (5) The tax laws of the United States are
8 among the most burdensome and uncompetitive in
9 the world and those laws make it difficult for domes-
10 tically-owned United States companies to compete
11 abroad and in the United States. A domestically-
12 owned corporation is disadvantaged compared to a
13 United States subsidiary of a foreign-owned corpora-
14 tion and international competitiveness is forcing
15 many United States corporations to make a choice
16 they do not want to make: go out of business, sell
17 the business to a foreign competitor, or become a
18 subsidiary of a foreign corporation.

19 (6) The current tax system discourages saving
20 and depresses the level of United States capital ac-
21 cumulation available for financing investment, which
22 is critical to the growth potential of the economy,
23 real income, and living standards.

24 (7) Past efforts at partial reform of the Inter-
25 nal Revenue Code of 1986 have not succeeded in re-

1 ducing its complexity, removing its distortions of
2 economic incentives, or making it fairer. Those de-
3 structive problems and others stemming from the In-
4 ternal Revenue Code of 1986 can and should be ad-
5 dressed through responsible fundamental tax reform.
6 Despite the fact that a number of viable tax reform
7 proposals have been offered, a lack of consensus has
8 blocked progress toward the consideration and en-
9 actment of an existing or new plan.

10 (8) Therefore, in order to proceed with respon-
11 sible and needed tax reform, it is necessary to estab-
12 lish a Tax Reform Action Commission charged with
13 developing a proposal to achieve tax reform that will
14 benefit all Americans.

15 **SEC. 3. OBJECTIVES OF REFORM.**

16 The Congress finds that it must act to reform the
17 Internal Revenue Code of 1986 so that the United States
18 has a tax system that is—

- 19 (1) simple, transparent, and efficient;
20 (2) fair and equitable to all Americans; and
21 (3) neutral between different activities and be-
22 tween current consumption and future consumption.

1 **SEC. 4. ESTABLISHMENT OF COMMISSION.**

2 There is established in the legislative branch a Tax
3 Reform Action Commission (in this Act referred to as the
4 “Commission”).

5 **SEC. 5. DUTIES OF THE COMMISSION.**

6 (a) **RECOMMENDATIONS FOR REFORM.**—Not later
7 than 2 years after the date on which the Commission is
8 established, the Commission shall make specific rec-
9 ommendations to Congress for reform of the internal rev-
10 enue laws in a manner that incorporates the objectives of
11 reform set forth in section 3. The recommendations of the
12 Commission shall be based on its compilation and rec-
13 onciliation of the recommendations of the task forces con-
14 vened by the Commission pursuant to section 9 and shall
15 provide for such appropriate interagency support and co-
16 operation as may be necessary to attain such objectives.

17 (b) **LEGISLATIVE LANGUAGE.**—The recommenda-
18 tions required under subsection (a) shall include legislative
19 language necessary for carrying out such recommenda-
20 tions. The Commission shall develop such legislative lan-
21 guage after conducting such public hearings and con-
22 sulting with such public or private entities as the Commis-
23 sion considers necessary and appropriate to make the rec-
24 ommendations required under subsection (a).

1 **SEC. 6. COMPOSITION OF THE COMMISSION.**

2 (a) NUMBER AND APPOINTMENT.—The Commission
3 shall be composed of 15 members, as follows:

4 (1) Three members appointed by the President,
5 two from the executive branch of the Government
6 and one from private life.

7 (2) Four members appointed by the majority
8 leader of the Senate, one from Members of the Sen-
9 ate and three from private life.

10 (3) Two members appointed by the minority
11 leader of the Senate, one from Members of the Sen-
12 ate and one from private life.

13 (4) Four members appointed by the Speaker of
14 the House of Representatives, one from Members of
15 the House and three from private life.

16 (5) Two members appointed by the minority
17 leader of the House of Representatives, one from
18 Members of the House and one from private life.

19 (b) QUALIFICATIONS.—The members of the Commis-
20 sion shall consist of individuals who are of recognized
21 standing and distinction and who possess a demonstrated
22 capacity to discharge the duties imposed on the Commis-
23 sion.

24 (c) CHAIR.—The President shall designate a member
25 of the Commission to serve as Chair of the Commission

1 who shall chair the Commission, determine its duties, and
2 supervise its staff.

3 (d) TERMS OF APPOINTMENT.—The members of the
4 Commission shall be appointed not more than 30 days
5 after the date of the enactment of this Act. The members
6 of the Commission shall serve for the life of the Commis-
7 sion.

8 (e) VACANCIES.—A vacancy in the Commission shall
9 not affect the power of the remaining members to execute
10 the duties of the Commission but any such vacancy shall
11 be filled in the same manner in which the original appoint-
12 ment was made.

13 **SEC. 7. PROCEDURES.**

14 (a) MEETINGS.—The Commission shall meet at the
15 call of its Chair or a quorum of its members.

16 (b) QUORUM.—A quorum shall consist of nine mem-
17 bers of the Commission, except that a lesser number may
18 conduct a hearing under subsection (c).

19 (c) HEARINGS AND OTHER ACTIVITIES.—For the
20 purpose of carrying out its duties, the Commission may
21 hold such hearings and undertake such other activities as
22 the Commission determines necessary to carry out its du-
23 ties.

24 (d) OBTAINING INFORMATION.—Upon request of the
25 Commission, the Secretary of the Treasury and the head

1 of any other department, agency, or instrumentality of the
2 Federal Government shall furnish information deemed
3 necessary by the Commission to enable it to carry out its
4 duties.

5 **SEC. 8. ADMINISTRATION.**

6 (a) COMPENSATION.—Except as provided in sub-
7 section (b), members of the Commission shall receive no
8 additional pay, allowances, or benefits by reason of their
9 service on the Commission.

10 (b) TRAVEL EXPENSES AND PER DIEM.—Each mem-
11 ber of the Commission who is not a present Member of
12 the Congress and who is not otherwise an officer or em-
13 ployee of the Federal Government shall receive travel ex-
14 penses and per diem in lieu of subsistence in accordance
15 with sections 5702 and 5703 of title 5, United States
16 Code.

17 (c) STAFF AND SUPPORT SERVICES.—

18 (1) STAFF DIRECTOR.—

19 (A) APPOINTMENT.—The Chair in accord-
20 ance with the rules agreed upon by the Com-
21 mission shall appoint a staff director for the
22 Commission.

23 (B) COMPENSATION.—The staff director
24 shall be paid at a rate not to exceed the rate
25 established for level V of the Executive Sched-

1 ule under section 5315 of title 5, United States
2 Code.

3 (2) STAFF.—The Chair in accordance with the
4 rules agreed upon by the Commission shall appoint
5 such additional personnel as the Commission deter-
6 mines to be necessary.

7 (3) APPLICABILITY OF CIVIL SERVICE LAWS.—
8 The staff director and other members of the staff of
9 the Commission shall be appointed without regard to
10 the provisions of title 5, United States Code, gov-
11 erning appointments in the competitive service, and
12 shall be paid without regard to the provisions of
13 chapter 51 and subchapter III of chapter 53 of such
14 title relating to classification and General Schedule
15 pay rates.

16 (4) EXPERTS AND CONSULTANTS.—With the
17 approval of the Commission, the staff director may
18 procure temporary and intermittent services under
19 section 3109(b) of title 5, United States Code.

20 (d) PHYSICAL FACILITIES.—The Architect of the
21 Capitol, in consultation with the appropriate entities in the
22 legislative branch, shall locate and provide suitable office
23 space for the operation of the Commission on a non-
24 reimbursable basis. The facilities shall serve as the head-
25 quarters of the Commission and shall include all necessary

1 equipment and incidentals required for the proper func-
2 tioning of the Commission.

3 (e) ADMINISTRATIVE SUPPORT SERVICES AND
4 OTHER ASSISTANCE.—

5 (1) Upon the request of the Commission, the
6 Architect of the Capitol, the Commissioner of Social
7 Security, and the Administrator of General Services
8 shall provide to the Commission on a nonreimburs-
9 able basis such administrative support services as
10 the Commission may request.

11 (2) In addition to the assistance set forth in
12 paragraphs (1) and (2), departments and agencies of
13 the United States may provide the Commission such
14 services, funds, facilities, staff, and other support
15 services as the Commission may deem advisable and
16 as may be authorized by law.

17 (f) USE OF MAILS.—The Commission may use the
18 United States mails in the same manner and under the
19 same conditions as Federal agencies and shall, for pur-
20 poses of the frank, be considered a commission of Con-
21 gress as described in section 3215 of title 39, United
22 States Code.

23 (g) PRINTING.—For purposes of costs relating to
24 printing and binding, including the cost of personnel de-

1 tailed from the Government Printing Office, the Commis-
2 sion shall be deemed to be a committee of the Congress.

3 **SEC. 9. TASK FORCES.**

4 (a) IN GENERAL.—For purposes of making and com-
5 piling recommendations of the Commission for submission
6 to the Congress pursuant to section 5, the Commission
7 shall establish such task forces and designate such depart-
8 ments, agencies, and instrumentalities of the Federal Gov-
9 ernment as it determines necessary or appropriate to ef-
10 fectively obtain the expeditious attainment of the objec-
11 tives specified in section 3.

12 (b) AGENCY COOPERATION.—Each department,
13 agency, and instrumentality designated by the Commis-
14 sion pursuant to subsection (a) in connection with one or
15 more task forces specified in subsection (a) shall assign
16 to the Commission representatives of such department,
17 agency, or instrumentality for service on such task forces.
18 The Commission, and each department, agency, and in-
19 strumentality designated for service on a task force under
20 this section, shall provide such staff and administrative
21 support services to the task force as may be necessary and
22 appropriate, in accordance with procedures which shall be
23 prescribed by the Commission.

24 (c) DUTIES OF TASK FORCES.—The Commission
25 shall assign each task force a deadline for submitting its

1 recommendations to the Commission and shall inform
 2 each House of the Congress of the convening of each task
 3 force and the deadline assigned to it. Each task force con-
 4 vened pursuant to subsection (a) shall, by such date as
 5 shall be specified by the Commission, provide the Commis-
 6 sion with its recommendations for attaining the goals ad-
 7 dressed by the task force, together with appropriate time-
 8 tables for achieving such goals.

9 (d) SEPARATE REPORTS AND TERMINATION.—Upon
 10 submission by each task force of its recommendations to
 11 the Commission, the task force shall submit to each House
 12 of the Congress a copy of its recommendations to the
 13 Commission, and shall thereupon terminate.

14 **SEC. 10. CONGRESSIONAL CONSIDERATION OF REC-**
 15 **COMMENDATIONS.**

16 (a) INTRODUCTION OF RECOMMENDATIONS AND
 17 COMMITTEE CONSIDERATION.—

18 (1) INTRODUCTION.—The legislative language
 19 transmitted pursuant to section 5(b) with the rec-
 20 ommendations for reform of the Commission shall be
 21 in the form of a bill (in this title referred to as the
 22 “reform bill”). Such reform bill shall be introduced
 23 in the House of Representatives by the Speaker, and
 24 in the Senate, by the Majority Leader, on the first
 25 day of session ending after receipt of the language

1 and such reform bill shall be referred to the appro-
2 priate committee of Congress under paragraph (2).
3 If the reform bill is not introduced in accordance
4 with the preceding sentence, the reform bill may be
5 introduced in either House of Congress by any mem-
6 ber thereof.

7 (2) COMMITTEE CONSIDERATION.—

8 (A) REFERRAL.—A reform bill introduced
9 in the House of Representatives shall be re-
10 ferred to the Committee on Ways and Means of
11 the House of Representatives. A reform bill in-
12 troduced in the Senate shall be referred to the
13 Committee on Finance of the Senate.

14 (B) REPORTING.—Not later than 30 days
15 after the introduction of the reform bill, the
16 committee of Congress to which the reform bill
17 was referred shall report the bill or a committee
18 amendment thereto.

19 (C) DISCHARGE OF COMMITTEE.—If the
20 committee to which is referred a reform bill has
21 not reported such reform bill (or an identical
22 reform bill) at the end of 30 calendar days after
23 its introduction or at the end of the first day
24 after there has been reported to the House in-
25 volved a reform bill, whichever is earlier, such

1 committee shall be deemed to be discharged
2 from further consideration of such reform bill
3 and such reform bill shall be placed on the ap-
4 propriate calendar of the House involved.

5 (b) EXPEDITED PROCEDURE.—

6 (1) CONSIDERATION.—

7 (A) IN GENERAL.—Not later than 2 days
8 after the date on which a committee has been
9 discharged from consideration of a reform bill,
10 the Speaker of the House of Representatives, or
11 the Speaker's designee, or the Majority Leader
12 of the Senate, or the Leader's designee, shall
13 move to proceed to the consideration of the
14 committee amendment to the reform bill, and if
15 there is no such amendment, to the reform bill.
16 It shall also be in order for any member of the
17 House of Representatives or the Senate, respec-
18 tively, to move to proceed to the consideration
19 of the reform bill at any time after the conclu-
20 sion of such 2-day period.

21 (B) POINTS OF ORDER WAIVED.—All
22 points of order against the reform bill (and
23 against consideration of the reform bill) are
24 waived.

1 (C) MOTION TO PROCEED.—A motion to
2 proceed to the consideration of the reform bill
3 is highly privileged in the House of Representa-
4 tives and is privileged in the Senate and is not
5 debatable. The motion is not subject to amend-
6 ment, to a motion to postpone consideration of
7 the reform bill, or to a motion to proceed to the
8 consideration of other business. A motion to re-
9 consider the vote by which the motion to pro-
10 ceed is agreed to or not agreed to shall not be
11 in order. If the motion to proceed is agreed to,
12 the House of Representatives or the Senate, as
13 the case may be, shall immediately proceed to
14 consideration of the reform bill without inter-
15 vening motion, order, or other business, and the
16 reform bill shall remain the unfinished business
17 of the House of Representatives or the Senate,
18 as the case may be, until disposed of.

19 (D) LIMITED DEBATE.—Debate on the re-
20 form bill and on all debatable motions and ap-
21 peals in connection therewith shall be limited to
22 not more than the lesser of 100 hours or 14
23 days, which shall be divided equally between
24 those favoring and those opposing the reform

1 bill. A motion further to limit debate on the re-
 2 form bill is in order and not debatable.

3 (E) AMENDMENTS.—

4 (i) CONSIDERATION IN THE HOUSE OF
 5 REPRESENTATIVES.—Subject to clause
 6 (iii), amendments to the reform bill during
 7 consideration in the House of Representa-
 8 tives shall be limited in accordance with a
 9 rule adopted by the Committee on Rules
 10 of the House of Representatives.

11 (ii) CONSIDERATION IN THE SEN-
 12 ATE.—Subject to clause (iii), amendments
 13 to the reform bill during consideration in
 14 the Senate shall be limited to—

15 (I) one first degree amendment
 16 per member or that member's des-
 17 ignee with 1 hour of debate equally di-
 18 vided; and

19 (II) germane second degree
 20 amendments (without limit) with 30
 21 minutes of debate equally divided.

22 (iii) LEADERSHIP AMENDMENTS.—
 23 The Speaker of the House of Representa-
 24 tives and the Minority Leader of the
 25 House of Representatives and the Majority

1 Leader of the Senate and the Minority
2 Leader of the Senate may each offer 1
3 first degree amendment (in addition to the
4 amendments afforded such members under
5 clause (i) or (ii)), with 4 hours of debate
6 equally divided on each such amendment
7 offered. No second degree amendments
8 may be offered by the Speaker of the
9 House of Representatives, the Minority
10 Leader of the House of Representatives,
11 the Majority Leader of the Senate, or the
12 Minority Leader of the Senate in their
13 leadership capacities.

14 (F) VOTE ON FINAL PASSAGE.—Imme-
15 diately following the conclusion of the debate on
16 the reform bill, and on all amendments offered
17 to the reform bill, and all votes required on
18 amendments offered to the reform bill, the vote
19 on final passage of the reform bill shall occur.

20 (G) OTHER MOTIONS NOT IN ORDER.—A
21 motion to postpone consideration of the reform
22 bill, a motion to proceed to the consideration of
23 other business, or a motion to recommit the re-
24 form bill is not in order. A motion to reconsider

1 the vote by which the reform bill is agreed to
2 or not agreed to is not in order.

3 (H) APPEALS.—Appeals from the decisions
4 of the Chair relating to the application of the
5 rules of the House of Representatives or of the
6 Senate, as the case may be, to the procedure re-
7 lating to the reform bill shall be decided with-
8 out debate.

9 (2) CONSIDERATION BY OTHER HOUSE.—If, be-
10 fore the passage by one House of the reform bill
11 that was introduced in such House, such House re-
12 ceives from the other House a reform bill as passed
13 by such other House—

14 (A) the reform bill of the other House shall
15 be subject to the same rules as the rules under
16 this section governing the reform bill introduced
17 in the receiving House; and

18 (B) the procedure in the House in receipt
19 of the reform bill of the other House, with re-
20 spect to the reform bill that was introduced in
21 the House in receipt of the reform bill of the
22 other House, shall be the same as if no reform
23 bill had been received from the other House.

24 Upon passage of a reform bill by either House (or
25 upon adoption of an amendment by either House to

1 a reform bill received from the other House), it shall
2 no longer be in order in the House passing such bill
3 (or amendment) to consider any other reform bill
4 under this section.

5 (3) CONSIDERATION IN CONFERENCE.—

6 (A) CONVENING OF CONFERENCE.—

7 (i) IN GENERAL.—Immediately upon a
8 final passage of the reform bill that results
9 in a disagreement between the two Houses
10 of Congress with respect to the bill, the
11 conferees described in clause (ii) shall be
12 appointed and a conference convened.

13 (ii) CONFEREES DESCRIBED.—The
14 conferees described in this clause are the
15 following:

16 (I) The Speaker of the House of
17 Representatives.

18 (II) The Minority Leader of the
19 House of Representatives.

20 (III) The Majority Leader of the
21 Senate.

22 (IV) The Minority Leader of the
23 Senate.

1 (V) Each member of the Com-
2 mittee on Ways and Means of the
3 House of Representatives.

4 (VI) Each member of the Com-
5 mittee on Finance of the Senate.

6 (B) DEADLINE FOR REPORT.—Not later
7 than 14 days after the date on which conferees
8 are appointed, the conferees shall file a report
9 with the House of Representatives and the Sen-
10 ate resolving the differences between the
11 Houses on the reform bill.

12 (C) LIMITATION ON SCOPE.—A report filed
13 under subparagraph (B) shall be limited to res-
14 olution of the differences between the Houses
15 on the reform bill and shall not include any
16 other matter.

17 (D) HOUSE CONSIDERATION.—

18 (i) IN GENERAL.—Notwithstanding
19 any other rule of the House of Representa-
20 tives, it shall be in order to immediately
21 consider a report of a committee of con-
22 ference on the reform bill filed in accord-
23 ance with subparagraph (B).

24 (ii) DEBATE.—Debate in the House of
25 Representatives on the conference report

1 shall be limited to the lesser of 50 hours
2 or 7 days, equally divided and controlled
3 by the Speaker of the House of Represent-
4 atives and the Minority Leader of the
5 House of Representatives or their des-
6 ignees.

7 (iii) LIMITATION ON MOTIONS.—A
8 motion to further limit debate on the con-
9 ference report is not debatable. A motion
10 to recommit the conference report is not in
11 order, and it is not in order to move to re-
12 consider the vote by which the conference
13 report is agreed to or disagreed to.

14 (iv) VOTE ON FINAL PASSAGE.—A
15 vote on final passage of the conference re-
16 port shall occur immediately at the conclu-
17 sion or yielding back of all time for debate
18 on the conference report.

19 (E) SENATE CONSIDERATION.—

20 (i) IN GENERAL.—The motion to pro-
21 ceed to consideration in the Senate of the
22 conference report shall not be debatable
23 and the reading of such conference report
24 shall be deemed to have been waived.

1 (ii) DEBATE.—Consideration in the
2 Senate of the conference report on a re-
3 form bill shall be limited to the lesser of 50
4 hours or 7 days, equally divided and con-
5 trolled by the Majority Leader and the Mi-
6 nority Leader or their designees.

7 (iii) LIMITATION ON MOTION TO RE-
8 COMMIT.—A motion to recommit the con-
9 ference report is not in order.

10 (4) RULES OF THE SENATE AND HOUSE OF
11 REPRESENTATIVES.—This subsection is enacted by
12 Congress—

13 (A) as an exercise of the rulemaking power
14 of the Senate and House of Representatives, re-
15 spectively, and is deemed to be part of the rules
16 of each House, respectively, but applicable only
17 with respect to the procedure to be followed in
18 that House in the case of a bill, and it super-
19 sedes other rules only to the extent that it is in-
20 consistent with such rules; and

21 (B) with full recognition of the constitu-
22 tional right of either House to change the rules
23 (so far as they relate to the procedure of that
24 House) at any time, in the same manner, and

1 to the same extent as in the case of any other
2 rule of that House.

3 **SEC. 11. TERMINATION.**

4 The Commission shall terminate 30 days after trans-
5 mitting its recommendations pursuant to section 5.

6 **SEC. 12. AUTHORIZATION OF APPROPRIATIONS.**

7 There are authorized to be appropriated such sums
8 as may be necessary for the activities of the Commission.
9 In order to provide funding before funds are otherwise
10 specifically appropriated for such activities, of the
11 amounts appropriated to the Department of the Treasury
12 under the account “Departmental Offices—Salaries and
13 Expenses” there is hereby transferred to the Commission
14 \$2,000,000 for such activities, which amount shall remain
15 available until expended.

○